

**TAX TIPS FOR
OPERATORS OF HOTELS, MOTELS AND TOURIST HOMES
CONDUCTING BUSINESS IN DELAWARE**

Things You Should Know

Definitions, 30 Del. C, Ch. 23 and 61

Persons engaged in the business of providing sleeping accommodations to the general public are required to obtain license and collect an 8% (.08) public accommodations tax. Please refer to the following definitions:

Hotel means any person engaged in the business of operating a place where the public may, for a consideration, obtain sleeping accommodations and meals and which has at least 6 permanent bedrooms for the use of guests.

Motel means any person engaged in the business of furnishing, for a consideration, transient guests with sleeping accommodations, bath and toilet facilities, linen service, and a place to park an automobile.

Tourist Home means any person who operates a place where tourists or transient guests, for a consideration, may obtain sleeping accommodations and which has at least 5 permanent bedrooms for the use of tourists or transient guests, but which does not have cooking facilities for the use of tourists or transient guests.

Taxable Receipts

Section 6102 of Title 30 of the Delaware Code imposes an eight percent (0.08) excise tax on the rents received from the occupancy of a room or rooms in a hotel, motel or tourist home within Delaware. The tax is imposed on the occupant of the room and collected and remitted monthly by the operator of the hotel, motel or tourist home. Rooms rented to charitable, religious or other non-profit organizations are not exempt from the lodging tax. Specific instructions will be sent with the personalized excise tax coupon book. If you need to register with the Division of Revenue for an additional business license, please complete a Combined Registration Application, available on the Internet, and mail to the Division of Revenue with the appropriate fee.

Additional License Requirements

Separate charges for meals, room service, telephone calls, parking and valet services are not subject to the lodging tax but are subject to other occupational license fees:

- If your facility has a restaurant which is open to the general public and not limited to the room occupant, a **Restaurant Retailer** license is required.
- Receipts received from the leasing of facilities, exclusive of rooms intended for sleeping, for commercial purposes such as conventions, trade shows, special events and sales are subject to taxation as a **Commercial Lessor**.
- Charges for parking, valet service and telephone charges in excess of the cost of such telephone services are subject to taxation as a **General Service** licensee.

- Sales of newspapers, sundry items, gifts, snack food, clothes, souvenirs and other items are subject to taxation as a **General Retailer**.

Exempt From The Lodging Tax:

- Rooms rented to the employees of the United States Government or its agencies and instrumentalities, including members of the armed forces, in the performance of official duties.
- Rooms rented to the employees of the State of Delaware and its agencies, including public schools, in the performance of official duties.
- Charitable, educational, religious, children's summer camps, hospitals and nursing homes are not considered hotels, motels or tourist homes and are not required to be licensed as a provider of public accommodations. **Note:** Persons providing the services above as a 'for profit' entity, such as a nursing home, are subject to the General Service licensing provisions.
- Rooms rented to occupants who occupy or who have the right to occupy the room or rooms for a period of at least five (5) consecutive months.

'Exemption Certificate from Tax on Occupancy', Form 6100, is available at any Division of Revenue office and on the Internet. This document must be completed for each exempt transaction and maintained by the operator for a period of not less than 48 months after the date of the room rental.

License Requirements

Operators of hotels, motels and tourist homes are required to obtain a business license -- Hotels \$25 per room and \$30 per suite, Motels \$25 per room and Tourist Homes \$15 per room -- for each facility -- which must be renewed annually on or before December 31st of each year. Licenses for businesses operating on a seasonal basis are not proratable and the license renewals are due on or before December 31st each year.

Revenue Sharing of Accommodations Tax

Twenty-five percent of the eight percent (8%) public accommodations tax collected is divided evenly between the Beach Preservation Fund and, in the proportion in which it was collected, the Convention and Visitors bureaus in each county.

Tax Rates, Exclusions and Due Dates

Hotel, Motel, Tourist Home Sample Calculation:

Rents Collected \$175,000.00 x .008 = \$14,000.00 Tax Due

	Tax Rate	Monthly Exclusion
Restaurant Retailer	.00499	\$80,000
Sample Calculation	Total Gross Receipts	\$173,000
	Less Exclusion	80,000
	Taxable Gross Receipts	\$ 93,000
	Tax Rate	X .00499
	Tax Due	464

(Note: Delaware requires that tax due be rounded-off to the nearest dollar amount.)

Due Dates of Returns

New licensees will file on a quarterly basis through their first calendar year. The Division of Revenue will then perform a 'lookback' procedure and determine if the filing frequency should be changed.

Monthly Filers 20th day of the following month
Quarterly Filers 20th day of the 1st month after the end of the quarter

Beginning January 1, 1999

Monthly Filers 20th day of the following month
Quarterly Filers last day of the first month after the end of the calendar quarter.

Gross Receipts Tax Exemption

Effective January 1, 1997, House Bill No. 678, exempts from business license gross receipts tax transactions between small, closely held firms. To qualify, the subject firms must be 80% owned by the same five or fewer shareholders, or 100% owned by the same family.

Common Ownership/Direction

Businesses which operate their separate branches by the use of separate operating corporations are only entitled to one monthly or quarterly exclusion for the enterprise to the extent that the corporations have common ownership or common direction and control.

Caution Concerning Multiple Exclusions

Nearly all licensees are permitted to reduce their monthly or quarterly gross receipts by certain specific exclusions in determining their taxable gross receipts. The Delaware Code limits the number of allowable exclusions for each general business activity. A taxpayer conducting a business activity for which an exclusion is provided is entitled to **ONLY ONE** monthly or quarterly exclusion regardless of the number of locations at which such activity is conducted. For example, a taxpayer who operates multiple convenience stores at which gasoline is also sold should aggregate the receipts from all goods sold at all locations and subtract only one monthly exclusion. Separate retail licenses are not required for the sale of food and petroleum products. While the Division of Revenue may assign a unique business code which reflects the primary product sold, retailers, wholesalers and manufacturers may sell or manufacture multiple product lines without obtaining a separate license for each product line. However, separate licenses are required and separate exclusions are permitted if a taxpayer conducts more than one **ACTIVITY**, such as retailing and wholesaling.

Regulatory and Local Requirements

The Business License Issued by the Division of Revenue is not a regulatory license and the issuance of such license does not attest to the qualifications of the applicant to perform the activity described on such license. Many local jurisdictions have requirements for a business license and may have restrictions concerning the locations of conducting the referenced business activity. Please check with the local government office in the town, city or county in which you will conduct your business.

The State of Delaware also has a Division of Professional Regulations. Many occupations and some types of equipment have regulatory requirements. Please contact the Division of Professional Regulation for more information.

General

If you have any questions, please contact one of the following offices

<i>Wilmington</i>	<i>Dover</i>	<i>Georgetown</i>
Division of Revenue Carvel State Office Building 820 North French Street Wilmington DE 19801 (302) 577-8205	Division of Revenue Thomas Collins Building 540 South DuPont Highway Suite 2 Dover DE 19901 (302) 744-1085	Division of Revenue Suite 2 422 North DuPont Highway Georgetown DE 19947 (302) 856-5358

or by e-mail at: stephen.seidel@state.de.us (302) 577-8455

STATE OF DELAWARE
Division of Revenue
820 N. French Street
Wilmington, Delaware 19801

FORM 6100

EXEMPTION CERTIFICATE
FROM
TAX ON OCCUPANCY OF
HOTEL, MOTEL & TOURIST HOME ROOMS
CHAPTER 61, TITLE 30, DELAWARE CODE

*Note: A Separate Exemption Certificate is Required for Each Occupancy
and for Each Representative or Employee.*

PART A - TO BE COMPLETED BY OPERATOR

Name of Hotel, Motel or Tourist Home Fed. EI or SS Number

Address

City State Zip Code

PART B - TO BE COMPLETED BY THE OCCUPANT

This is to certify that I, the undersigned, am a representative of the United States or State of Delaware Governmental Department or Agency or public school district indicated below, that the charges for the occupancy at the above establishment on the dates set forth below have been or will be paid for by such Government or public school unit; and that such charges are incurred in the performance of my official duties as a representative or employee of such Governmental or public school unit.

Name of Individual (Please print or type) Signature

Government Agency Title

Address

City State Zip Code

Dates of Occupancy

THIS EXEMPTION CERTIFICATE IS TO BE RETAINED BY THE OPERATOR OF THE HOTEL, MOTEL OR TOURIST HOME AS EVIDENCE OF EXEMPT OCCUPANCY FOR A MINIMUM OF FOUR CALENDAR YEARS.

DELAWARE DIVISION OF REVENUE
LICENSE/EXCISE TAX RETURN - FORM LM1 9001

LEM53

ACCOUNT NUMBER	TAX PERIOD ENDING	DUE ON OR BEFORE	BUSINESS CODE GROUP DESCRIPTION 152 HOTEL
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BUSINESS NAME AND ADDRESS

TAXABLE BASIS	
_____ X .08 = \$ _____	
TAXABLE RENTALS RECEIVED	
\$ _____	.00 AMOUNT DUE

AUTHORIZED SIGNATURE I declare under penalties of perjury, that this is a true, correct and complete return.

DATE

TELEPHONE NUMBER

Mail This Form With Remittance Payable To:
 Delaware Division of Revenue
 P.O. Box 2340, Wilmington, DE 19899-2340
 For questions, call (302) 577-8780

If desired, provide an e-mail address where we may contact you regarding this return.

E-MAIL ADDRESS

CUT ALONG THIS LINE AND SEND THE ABOVE PORTION WITH ANY PAYMENT DUE

LICENSE/EXCISE TAX RETURN - MONTHLY

Complete the return above, sign, date and file by the due date. You may file all monthly or quarterly returns at the end of the year if no tax is due on any of the returns.

To Update Your Contact/Business Information on File with Revenue:
To Change Tax Information You've Already Reported:

[Remit a License Request for Change form](#)
[Remit an Amended return](#)

SPECIFIC LINE INSTRUCTIONS

PLEASE NOTE: THE DIVISION OF REVENUE REQUIRES ROUNDING OF ALL AMOUNTS ON ALL GROSS RECEIPTS RETURNS.

Line 1. - Enter the total amount of Taxable Rents Received for the month where indicated on the return.

Line 2. - Multiply this amount by 8% (.08) and enter the result in the Amount Due block.

Line 3. - This is the amount of tax due and payable with the filing of this return. Sign and date the return and provide your telephone number.
 Cut along the line provided and mail the form with remittance due to the address on the return.

If you have not already renewed this year's business license, do it now to avoid a \$200 penalty.
 Go to www.delaware.gov to renew your business license online!

SAMPLE COMPLETED RETURN

TAXABLE BASIS

\$15,045 X .08 = \$ **1,204.00**
 TAXABLE RENTALS RECEIVED

\$ 1,204.00 AMOUNT DUE

Monthly returns for Hotels, Motels and Tourist Homes are due by the 15th day of the month following the end of the tax period.

MONTH END	DUE DATE	MONTH END	DUE DATE	MONTH END	DUE DATE	MONTH END	DUE DATE
01/31/2006	02/15/2006	04/30/2006	05/15/2006	07/31/2006	08/15/2006	10/31/2006	11/15/2006
02/28/2006	03/15/2006	05/31/2006	06/15/2006	08/31/2006	09/15/2006	11/30/2006	12/15/2006
03/31/2006	04/17/2006	06/30/2006	07/17/2006	09/30/2006	10/16/2006	12/31/2006	01/16/2007

For questions or to speak with a customer service representative, please call Revenue's Gross Receipts Department at (302) 577-8780.

DELAWARE DIVISION OF REVENUE
LICENSE/EXCISE TAX RETURN - FORM LM1 9001

LEM53

ACCOUNT NUMBER	TAX PERIOD ENDING	DUE ON OR BEFORE	BUSINESS CODE GROUP DESCRIPTION 161 MOTEL
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BUSINESS NAME AND ADDRESS

TAXABLE BASIS	
_____ X .08 = \$ _____	
TAXABLE RENTALS RECEIVED	
\$.00 AMOUNT DUE

AUTHORIZED SIGNATURE I declare under penalties of perjury, that this is a true, correct and complete return.

DATE

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DELAWARE DIVISION OF REVENUE
LICENSE/EXCISE TAX RETURN - FORM LM1 9001

LEM53

ACCOUNT NUMBER	TAX PERIOD ENDING	DUE ON OR BEFORE	BUSINESS CODE GROUP DESCRIPTION 192 TOUR HOME
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BUSINESS NAME AND ADDRESS

TAXABLE BASIS	
_____ X .08 = \$ _____	
TAXABLE RENTALS RECEIVED	
\$.00 AMOUNT DUE

AUTHORIZED SIGNATURE I declare under penalties of perjury, that this is a true, correct and complete return.

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